

Exhibit 1



Puerto Rico

Ambac Still Not Signed On to Restructuring Deals, Calls for 'Global' Settlement Covering PRIFA

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Relevant Documents:

[Earnings Release](#)
[10-Q](#)

In a first-quarter earnings call this morning, Ambac President and CEO Claude LeBlanc signaled that the monoline would keep pushing at the bargaining table and in court for a "global" restructuring that further addresses debt at the Puerto Rico Infrastructure Financing Authority, or PRIFA, beyond the previously announced clawback contingent value instrument, or CVI.

Ambac had [rescheduled](#) its earnings from last week to allow time for the company to consider the impact on its reserve scenarios from the [plan support agreement](#) announced May 5 between the PROMESA oversight board, Assured Guaranty, National Public Finance Guarantee and other creditors that covers two of Ambac's Puerto Rico revenue bond exposures - the Puerto Rico Highways and Transportation Authority, or HTA, and the Convention Center District Authority, or CCDA.

"The agreement does not include PRIFA, our largest remaining Puerto Rico exposure," LeBlanc noted, adding that Ambac "is not a signatory" to the PSA. "However, we continue to believe that a consensual, negotiated settlement leading to a global resolution of Puerto Rico's bankruptcy is in the best interests of the commonwealth."

Barring such a settlement, LeBlanc said Ambac "will continue to pursue all of its legal rights and remedies to arrive at a resolution" that respects the property rights and security interests of revenue bondholders. "We are firmly of the opinion that Puerto Rico has ample debt paying capacity to structure a reasonable outcome on revenue bonds," the Ambac chief said. "This can be done in a way that would not impinge on the commonwealth's ability to flourish economically and to serve its residents, who have had to suffer through this lengthy and costly bankruptcy process."

Ambac's 10-Q states that the monoline "has participated and may continue to participate in mediation related to potential debt restructurings," adding that the "status, timing and subject of any past or future mediation discussion has not yet been publicly disclosed and the timeline for resolution of Puerto Rico's debt restructuring process is uncertain."

The PSA with Assured and National would settle their clawback claims and establish a plan of adjustment framework for debts of the HTA and CCDA and a template for treatment of other clawback claims, including with respect to bonds issued by PRIFA. In its 10-Q, Ambac notes that under pending deals, HTA and CCDA creditors would receive "hard currency" in the form of new HTA bonds and cash for HTA creditors and CCDA creditors. PRIFA is not part of this agreement, and under the current construct, PRIFA bondholders would not receive any "hard currency" and only receive the clawback CVI, according to Ambac. PRIFA was not part of the May 5 HTA/CCDA PSA "and, consequently, there are no additional recoveries provided for in the agreement in principle or Second Amended POA for PRIFA beyond the proposed treatment of deficiency claims," Ambac states.

Ambac's gross par [exposure](#) to Puerto Rico government debt totaled \$1.088 billion as of March 31, which included \$18 million in constitutionally guaranteed government obligation, or GO, bonds and \$83.5 million in Public Buildings Authority debt that also carries a constitutional guarantee. Its other exposures are \$413 million in PRIFA special revenue rum tax debt, \$411 million in HTA debt (\$4.4 million in 1968 indenture bonds and \$406.7 million in 1998 indenture senior bonds), \$86.3 million in CCDA debt and \$767 million in COFINA senior sales tax revenue bonds. The bond insurer has no

exposure to Puerto Rico Electric Power Authority or Puerto Rico Aqueduct and Sewer Authority debt.

First-quarter loss and loss expenses incurred included domestic public finance insured losses of \$9 million tied to an increase in Puerto Rico reserves due to changes in assumptions stemming from disclosures related to the latest amended [commonwealth plan support agreement](#), the second amended [commonwealth plan of adjustment](#) and the agreement in principle between the oversight board and monolines Assured and National. “Ambac has considered these developments and other factors in evaluating its Puerto Rico loss reserves,” according to Ambac’s 10-Q, adding that the \$9 million figure “was primarily impacted by our interpretation” of the terms of the May 5 PSA, “including our assessment of the Clawback CVI, as well as the continued uncertainty and volatility of the situation in Puerto Rico.”

Ambac CFO David Trick said the company “fully incorporated” into its reserving process “everything we learned” through the May 5 announcement of the PSA with Assured and National. “That’s why we delayed earnings until today,” he said.

Touching on Ambac’s stateside exposures, LeBlanc points to a “strong recovery” in the U.S. economy driven by higher retail sales, increased manufacturing output and federal government stimulus including the \$1.9 trillion American Rescue Plan – with \$350 billion slated for state and local governments – and other fiscal and monetary stimulus from 2020. He noted that additional stimulus could come through the American Jobs Plan and \$1.5 trillion in discretionary spending projected in the federal budget for 2022. “Given these strong economic conditions, we remain cautiously optimistic about the outlook for our insured portfolio, which we believe will continue to improve, particularly as vaccinations rates continue to increase,” LeBlanc said.

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